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Chapter 11 Trustee

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

In re:

Case No.: 2:17-bk-19548-NB

LAYFIELD & BARRETT, APC,

Chapter 11

Debtor.

CHAPTER 11 TRUSTEE'S THIRTEENTH STATUS REPORT

Date: September 27, 2022
Time: 11:00 a.m.
Place: United States Bankruptcy Court
Edward R. Roybal Federal Building
255 E. Temple Street
Courtroom 1545
Los Angeles, California
Judge: Honorable Neil W. Bason

Richard M. Pachulski, the duly appointed chapter 11 trustee (the “Trustee”) in the above-captioned bankruptcy case (the “Case”) of Layfield & Barrett, APC (“L&B”), hereby files a brief report regarding the status of the Case, as ordered by the Court in its ruling in connection with the prior case status conference on May 31, 2022. The Trustee continues to administer the Case as follows:

Potential Assets of the Estate

1. Soon after the Trustee's appointment in the Case, the Trustee caused Notices of Lien to be filed in numerous proceedings in which L&B attorneys previously were involved in order to assert the bankruptcy estate's claims for attorneys' fees and reimbursement of costs. The Trustee and his counsel have previously responded to inquiries from attorneys involved in such litigation at the point of anticipated disposition through settlement or judgment in order to resolve the bankruptcy

1 estate's claims for such legal fees and costs. Counsel for the Trustee has received no contact from
2 such attorneys since the previous status conference conducted on May 31, 2022. At this juncture,
3 given the age and number of remaining lawsuits, the estate may not realize further material
4 recoveries on account of its potential fee and reimbursement claims arising from such litigation.

5 **Layfield Insurance Policy**

6 2. The Trustee continues to investigate the potential sale or insurer buy-back of a \$9
7 million insurance policy on the life of Philip Layfield ("Layfield"), owned by the estate.

8 **Philip Layfield Criminal Matter**

9 3. Layfield's criminal trial resulted in his conviction on all counts. [C.D. Cal. (2:18-cr-
10 00124-MWF, hereinafter "C.D. Cal.") Docket No. 314].¹ On March 8, 2022, the United States
11 District Court for the Central District of California (the "District Court") issued its Judgment and
12 Probation/Commitment Order, sentencing Layfield to be imprisoned for 12 years. [C.D. Cal. Docket
13 No. 368]. Layfield has appealed his conviction and sentencing. [C.D. Cal. Docket No. 369].

14 4. On April 22, 2022, the United States submitted its *Government's Position in Support*
15 *of Restitution* [C.D. Cal. Docket No. 439] ("US Sentencing Memo"), pursuant to which it requested
16 that Layfield be ordered to pay restitution in the aggregate amount of \$10,715,428.43, which amount
17 included \$3,427,496.45 to the California State Bar Client Security Fund from payments allegedly
18 made to Layfield's – and, presumably, L&B's -- defrauded former clients plus interest and costs, the
19 identities of whom were not disclosed in public filings with the District Court. US Sentencing
20 Memo at 13. Layfield did not dispute \$4,604,069.00 of the restitution amount sought. [C.D. Cal.
21 Docket No. 445]. After adjustment, the government sought \$10,683,982.86 in restitution. [C.D.
22 Cal. Docket No. 446].

23 5. At the restitution hearing on May 18, 2022, the Court ordered Layfield to pay a total
24 of \$7,650,127.32 to various individuals and entities [C.D. Cal Docket No. 448].

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26
27
28 1 Pursuant to Rule 201 of the Federal Rules of Evidence, the Trustee respectfully requests that the Court take judicial
notice of matters reflected in its own dockets and that of the District Court as referenced herein.

Layfield Individual Bankruptcy Case

6. On March 7, 2022, the Court entered its order in Layfield's individual bankruptcy case (2:18-bk-15829-NB, the "Layfield Individual Bankruptcy Case") granting the request of Wesley H. Avery, chapter 7 trustee, to close the Layfield Individual Bankruptcy Case. [Layfield Docket No. 334].

7. The following day, the Court entered its *Order to Show Cause Why Case Should Not Be Dismissed with a Bar, and with Retention of Jurisdiction* [Layfield Docket No. 335] (the “OSC”), indicating its consideration of dismissing the Layfield Individual Bankruptcy Case, including with the imposition of a temporary or permanent bar against Layfield being a debtor in a future bankruptcy case.

8. On May 31, 2022, the Court granted the OSC [Layfield Docket No. 342]. On June 6, 2022, the Court dismissed the Layfield Individual Bankruptcy Case with a permanent bar against Layfield being a debtor in a future bankruptcy case [Layfield Docket No. 343].

Disposition of Trustee's Nondischargeability Action Against Layfield

9. All adversary proceedings arising in connection with the Layfield Individual Bankruptcy Case have been closed.

Utah Storage Unit

10. The Trustee has received an informal expression of interest in, and hopes to receive a formal offer to purchase, a storage unit located in Summit County, Utah, in which the estate holds an interest.

Dated: September 13, 2022

PACHULSKI STANG ZIEHL & JONES LLP

By: /s/ Malhar S. Pagay
Malhar S. Pagay

Attorneys for
Richard M. Pachulski, Chapter 11 Trustee

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
10100 Santa Monica Boulevard, 13th Floor, Los Angeles, California 90067

A true and correct copy of the foregoing document entitled (*specify*): **CHAPTER 11 TRUSTEE'S THIRTEENTH STATUS REPORT** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **September 13, 2022**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) **September 13, 2022**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Philip Layfield
FCI Texarkana
4001 Leopard Drive
Texarkana, TX 75501

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

September 13, 2022

Date

Mary de Leon

Printed Name

/s/ Mary de Leon

Signature

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

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